

MARKET CONDUCT EXAMINATION

OF

TRAVELERS GROUP OF COMPANIES

**One Tower Square
Hartford, Connecticut**

January 1, 2001-December 31, 2001



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The Honorable Mike Kreidler
Washington State Insurance Commissioner
PO Box 40255
Olympia, Washington 98504

Dear Commissioner Kreidler:

Pursuant to your instructions and in compliance with the statutory requirements of RCW 48.03.010 and procedures promulgated by the National Association of Insurance Commissioners (NAIC) and the Office of the Insurance Commissioner (OIC), we have completed an examination of the following Travelers Companies:

Travelers Casualty and Surety Company, NAIC #19038
Travelers Casualty and Surety Company of America, NAIC #31194
The Travelers Home and Marine Insurance Company, NAIC #27998
The Travelers Indemnity Company, NAIC #25658
The Travelers Indemnity Company of America, NAIC #25666
The Travelers Indemnity Company of Connecticut, NAIC #25682
The Travelers Indemnity Company of Illinois, NAIC #25674
The Charter Oak Fire Insurance Company, NAIC #25615.

In this report, the above entities are collectively referred to as “the Companies” or “the Travelers Companies”. This report of examination is respectfully submitted.

CHIEF EXAMINER'S REPORT CERTIFICATION and ACKNOWLEDGEMENTS

This examination was conducted in accordance with Office of the Insurance Commissioner and National Association of Insurance Commissioners market conduct examination procedures. Sally Anne Carpenter, AIE, and Shirley M. Merrill of the Washington State Office of the Insurance Commissioner performed this examination and participated in the preparation of this report.

The examiners wish to express appreciation for the courtesy extended by the personnel of the Travelers Companies during the course of this market conduct examination, including John Brynga, Patricia Vaughn, Chris West, Pamela Roy, Diane Kaczynski, Michael Hjort, Brenda Turner and the staff that provided daily support to the examiners.

I certify that the foregoing is the report of the examination, that I have reviewed this report in conjunction with pertinent examination work papers, that this report meets the provisions for such reports prescribed by the Office of the Insurance Commissioner, and that this report is true and correct to the best of my knowledge and belief.

Leslie A. Krier, AIE, FLMI
Chief Market Conduct Examiner
Office of the Insurance Commissioner
State of Washington

FOREWORD

This examination was completed by applying tests to each examination standard. Each test applied during the examination is stated in this report and the results are reported. Exceptions are noted as part of the comments for the applied test. Throughout the report, where cited, RCW refers to the Revised Code of Washington, and WAC refers to Washington Administrative Code.

Prior Examination Summary

A report of examination on the Travelers Companies was adopted January 13, 1999 by this department. The examination period covered was October 1, 1996 through March 31, 1997. Nine instructions were issued to the Companies as a result of violations reported in the examination report. The instructions were:

1. Identify company name and home office location on advertising.
2. Show date, time, and circumstances when coverage would become effective on applications.
3. Re-file rate and rate plans for earthquake coverage.
4. Ensure all correspondence is done in the insuring company's legal name.
5. Ensure that offers of renewal are issued when agent contracts are terminated.
6. Obtain coverage waivers for Personal Injury Protection.
7. Establish documentation procedures to ensure compliance to cancellation requirements.
8. Monitor claims practices for compliance to Unfair Trade Practice regulations.
9. Notify the OIC when agent appointments are withdrawn.

Evidence of continued non-compliance with instructions 4, 5, and 7 is addressed in the appropriate sections of this report.

SCOPE

Time Frame

This examination covered the Companies' operations from January 1, 2001 through December 31, 2001. The examination was performed in the Travelers office in Seattle, Washington.

Matters Examined

The examination included the following areas:

Advertising	Underwriting and Rating
Rate & Form Filings	Cancellations and Non-Renewals
Claims Settlement Practices	

SAMPLING STANDARDS

Methodology

In general, the sample for each test utilized in this examination falls within the following guidelines:

92 %	Confidence Level
+/- 5 %	Mathematical Tolerance

These are the guidelines prescribed by the National Association of Insurance Commissioners in the Market Conduct Examiners Handbook.

Regulatory Standards

Samples are tested for compliance with standards established by the Office of the Insurance Commissioner. The tests applied to sampled data will result in an error ratio, which determines whether or not a standard is met. If the error ratio found in the sample is, generally, less than 5%, the standard will be considered as “met.” The standard in the area of agent licensing and appointment will not be met if any violation is identified. The standard in the area of filed rates and forms will not be met if any violation is identified. This will also apply when all records are examined, in lieu of a sample.

For those standards which look for the existence of written procedures or a process to be in place, the standard will be met based on the examiner’s analysis of those procedures or processes. The analysis will include a determination of whether or not the company follows established procedures.

Standards will be reported as Passed, Passed with Comment or Failed. The definition of each category follows.

Passed	There were no findings for the standard.
Passed with Comment	The records reviewed fell within the tolerance level for that standard.
Failed	The records reviewed fell outside of the tolerance level established for the standard.

HISTORY, OPERATIONS, AND GENERAL EXAMINATION FINDINGS

The Travelers Property Casualty Group of Companies is under the financial control of the Travelers Group, Inc. a publicly traded holding company created when The Travelers Corporation merged with Primerica Corporation in 1993. In 1996 the Travelers property/casualty group purchased the Aetna Life and Casualty's property/casualty companies.

The following Companies have been admitted to do business in Washington:

Company Name	Domiciled State	Incorporation Date	Date Admitted to WA
Travelers Casualty and Surety Company	Connecticut	1907 ¹	10/08/07
Travelers Casualty and Surety Company of America	Connecticut	07/18/74	04/01/77
The Travelers Home and Marine Insurance Company	Connecticut	07/24/91	03/26/97
The Travelers Indemnity Company	Connecticut	03/25/03	11/27/16
The Travelers Indemnity Company of America	Connecticut	01/2/46	08/13/68
The Travelers Indemnity Company of Connecticut	Connecticut	01/3/90	05/19/08
The Travelers Indemnity Company of Illinois	Illinois	08/12/71	10/11/74
The Charter Oak Fire Insurance Company	Connecticut	04/29/31	01/02/36

¹ Name changed in 1907 to Travelers Casualty and Surety Company.

Findings

The following standards Passed without comment:

#	OPERATONS AND MANAGEMENT STANDARD	REFERENCE
1	The Companies are required to be registered with the Office of the Insurance Commissioner prior to acting as an insurance company in the State of Washington.	RCW 48.05.030(1)
2	The Companies are required to file with the OIC any amendments to its Articles of Incorporation for domestic or holding companies.	RCW 48.07.070

GENERAL EXAMINATION STANDARDS

The following standard Passed with comment:

#	GENERAL EXAM STANDARD	REFERENCE
3	The Companies maintain full and accurate records and accounts.	RCW 48.05.280

The Companies do not retain original documentation of homeowner policies written through an agreement with GEICO. Additional detail is available in the Underwriting section of this examination.

The following standards Failed:

#	GENERAL EXAM STANDARD	REFERENCE
1	The Companies made available to the examiners all requested information, and otherwise facilitated the examination in a timely manner.	RCW 48.03.030(1)
2	The Companies do business in their own legal name.	RCW 48.05.190(1), Bulletin 78-7

General Exam Standard #1: The Companies failed to provide timely and/or adequate responses to the examiners on 26 inquiries during the claims portion of this examination. These actions also violated WAC 284-30-650 and WAC 284-30-360(2) which require that a company must respond to all inquiries from the OIC within 15 business days. The overdue responses ranged between 16 days to 43 business days. This delayed the examination process unnecessarily.

In initial discussions with the Companies, the Companies offered to send all records to their offices in Seattle rather than requiring the examiners to travel to the company offices in Hartford, CT and California. The examiners agreed to these arrangements as long as the company personnel in Seattle would have access to records, the knowledge and ability to facilitate the file review process, and the authority to respond to inquiries. The Companies agreed, with the exception of personal lines underwriting which would respond directly from Hartford.

During the examination of the claim files the exam coordinator advised the examiners that he had no authority regarding the claims department support of the examination process. A cumbersome process was put in place which required claims management in Seattle to draft responses to examiner questions and send them to California for legal review. Outside counsel was retained by the Companies to review and write responses to examiner inquiries. Once reviewed by outside counsel, the information was returned to the local claims office to be signed off by the Claims Manager or Assistant Claims Manager. The material was then returned to the examiners. The claims manager responsible for day to day operations was not allowed to respond to the examiners directly.

Throughout the claims examination process the responses did not address the specific questions by the examiners. Instead, responses were worded to address what the claims

process was supposed to be rather than address the specific questions about specific file activity. Additional information is available in the Claims section of this examination. See Appendix VI for detail.

General Exam Standard #2: This violation was noted in the prior examination. The examiners found evidence that the Companies continue to do business in other than their own name. Details of the violations are addressed in the following sections of this report: Underwriting, Non-renewal and Cancellations, and Claims. See Appendix I for detail.

Subsequent event: The Companies have started to implement support changes on forms, notices and claim checks.

ADVERTISING

The Companies' advertising file consisted of 36 items. The examiners reviewed all 36 documents that were used by the Companies during the exam period.

The Companies provided 10 brochures to the examiners. The documents were designed for distribution to agents for use in targeting potential markets such as Electronic & Instrument Manufacturing, Food Processing Manufacturers, and Wholesalers. The examiners found that all 10 brochures complied with Washington advertising regulations.

The Companies also provided 26 proofs that were approved by the Companies for advertising by Travelers' agents who may insert their name, address and phone number. These were of a more general nature, such as Loss Control Tips, or how to protect your business from gasoline theft. All the documents complied with the laws that require them to display the company name and principal location.

There were no violations noted in the advertising segment of this examination. Violations noted in the prior examination appear to be resolved.

Findings

The following standards Passed without comment:

#	ADVERTISING STANDARD	REFERENCE
1	The Companies' advertising materials do not contain any false, deceptive or misleading representations	RCW 48.30.040
2	The Companies do not use quotations or evaluations from rating services or other sources in a manner that appears to be deceptive to the public.	WAC 284-30-660
3	The Companies must use their full name and include the location of their home office or principle office in all advertisements.	RCW 48.30.050, Bulletin No.78-7
4	The Companies are required to show the actual	RCW 48.30.070

#	ADVERTISING STANDARD	REFERENCE
	financial condition of the Companies as corresponds with the financial statements published by each company and must include only those assets actually owned and possessed by the company exclusively.	
5	The Companies do not advertise the existence of the Washington Insurance Guaranty Association.	RCW 48.30.075
6	The Companies do not include any statements in their advertising material that would appear to defame the name of other insurers.	RCW 48.30.080
7	The Companies do not misrepresent the terms of their policies in any form during the advertising and solicitation of their products.	RCW 48.30.090
8	The Companies do not offer, promise, allow, give, set off, or pay to the insured or to any employee of the insured any rebate, discount, abatement or reduction of premium or any part of these as an inducement to purchase or renew insurance unless specifically exempted from this statute.	RCW 48.30.140, RCW 48.30.150

AGENT ACTIVITY

As part of the Cancellation and Non-Renewal section of the examination, the examiners reviewed selected agent records to determine if agents were licensed and appointed prior to soliciting business on behalf of the Companies.

Findings

The following standard were Failed:

#	AGENT ACTIVITY STANDARD	REFERENCE
1	The Company ensures that agents are licensed for the appropriate line of business with the State of Washington prior to allowing them to solicit business or represent the Company in any way.	RCW 48.17.060(1) and (2)
2	The Company requires that agents are appointed to represent the Company prior to allowing them to solicit business on behalf of the Company.	RCW 48.17.010 and RCW 48.17.160

Agent Activity Standards 1 and 2: The examiners found that Companies had issued the following:

- Two policies were written through agents who did not have valid Non-Resident licenses for Washington at the time of the sale.
- One of the agents without a valid Non-Resident license also did not have an appointment by the company prior to the sale.

See Appendix IV for detail.

UNDERWRITING AND RATING

The examiners selected the following for the underwriting review:

- 20 auto policies from a population of 13,264 new and renewed policies.
- 20 homeowners policies from a population of 35,253 new and renewed policies.
- 85 commercial policies from a population of 6514 new and renewed policies.

Files were reviewed to determine if:

- the Companies follow their filed rating plans.
- the Companies follow their underwriting rules.
- the Companies are in compliance with Washington laws.

To determine if the above criteria were met, the examiners manually rated policies. The results of their review are broken out into personal lines underwriting and commercial lines underwriting.

The examiners found three (3) errors out of 40 personal lines policies reviewed.

- One (1) policy received a discount for both the auto and homeowners being with one of the Travelers Companies. The discount was issued in error as both policies were not with the Companies.
- One (1) policy was rated in the wrong protection class. This did not affect the rating. The Companies will correct the protection class at renewal.
- One (1) policy did not receive updated forms due to a delay in systems implementation.

Findings

The following standards Passed without comment:

#	UNDERWRITING & RATING STANDARD	REFERENCE
2	The Companies require an insured to reject, in writing, underinsured motorist coverage or Personal Injury Protection coverage.	RCW 48.22.030(4), RCW 48.22.085(2)
3	During underwriting, the Companies use only the personal driving record for personal insurance and only the commercial motor vehicle employment driving record for commercial insurance.	RCW 46.52.130, Bulletin 79-3

The following standards Passed with comment:

#	UNDERWRITING & RATING STANDARD	REFERENCE
1	Binders issued to temporarily secure coverage are valid until the policy is issued or ninety days, whichever is shorter and shall identify the company providing the coverage and effective dates.	RCW 48.18.230(1), WAC 284-30-560
5	The Companies retain all documentation related to the development and use of (a) rates.	WAC 284-24-070
#	GENERAL EXAMINATION STANDARD	REFERENCE
3	The Companies maintain full and accurate records of the policy records.	RCW 48.05.280

Underwriting & Rating Standard #1: The examiners reviewed 40 personal policy files to determine if binders were issued correctly.

- Two (2) errors were noted because the binders did not identify the insuring company. This appears to be an administrative error and not a standard practice. **This was a finding in the previous exam and appears to have been corrected by the Companies.**
- Two (2) policies contained binders that exceeded the 90 day timeframe. This also appeared to be an error, and not a standard practice.

See Appendix II for detail.

Underwriting Standard #5: The examiners reviewed 85 commercial files. Of those files only one (1) was (a) rated.

- The Companies were unable to provide the documentation to support the development of the premium charges for the one commercial policy that was (a) rated.

See Appendix II for detail.

General Examination Standard #3: The Companies have an agreement with GEICO, through its wholly owned insurance agency, Insurance Counselors, Inc., to issue policies for Travelers Companies. This process involves a direct marketing system over the telephone. There are no written applications. Most applications come through the GEICO direct system. GEICO does not retain the application screens for the Travelers Companies' policies. The data that is taken on the telephone is keyed in and transmitted directly to Travelers' policy issuing systems. The Companies do not retain the screens as back-up to their policy holder systems. GEICO does not retain any of the recordings of customer calls for Travelers business for quality assurance purposes. The Companies rely on GEICO for quality control audits, and have no separate audit function of their own. The Companies advised that they had no quality control audit in place to review the telephone contacts between the GEICO customer service representatives and Travelers' customers.

The following standards Failed:

#	UNDERWRITING & RATING STANDARD	REFERENCE
4	The Companies apply schedule rating plans to all policies as applicable in their filing	WAC 284-24-100
#	GENERAL EXAM STANDARD	REFERENCE
2	The Companies do business in their own legal name.	RCW48.05.190(1), Bulletin 78-7

Underwriting & Rating Standard #4: Eight policies (9.4%) of the 85 commercial policies reviewed violated WAC 284-24-100:

- Seven files did not contain sufficient documentation or analysis to support the underwriter's decision regarding application of schedule rating.
- One file was debited in excess of 25%, the maximum allowed under Washington law.

See Appendix II for detail.

General Examination Standard #2: Nine (10.5%) of the 85 commercial policies reviewed contained correspondence, such as a mortgagee form or re-instatement notice that identified the insuring company incorrectly.

See Appendix I for detail.

Subsequent event: The Companies have started to implement support changes on forms, notices and claim checks.

RATE AND FORM FILINGS

The policies selected for the underwriting review were also examined to determine compliance with rate and form filing laws.

The examiners found the following errors. The files were returned to the Companies for correction.

Personal Lines:

- 1 policy received an alarm credit for an alarm that was supposed to be installed at a future date. The company did not follow-up to verify that the alarm was installed. The company will remove the credit at renewal.
- 1 policy received an alarm credit. The policyholder moved. The alarm credit was carried over to the new location. There was no documentation in the file to indicate that there was an alarm at the new location.

Findings

The following standards Passed without comment:

#	POLICY PROVISION STANDARD	REFERENCE
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1	Policy forms and applications, where required, have been filed with and approved by the OIC prior to use.	RCW 48.18.100
4	PIP forms must contain all coverage limits and categories of benefits as required by statute.	RCW 48.18.190
6	Personal Injury Protections forms issued by the Companies contain coverage definitions and limits that conform to Washington law.	RCW48.22.095 RCW 48.22.005
5	Policy forms for commercial policies are filed within 30 days of use.	RCW 48.18.103(2)

The following standards Failed:

#	RATE & FORM FILING STANDARD	REFERENCE
2	Where required, the Companies have filed with the OIC classification manuals, manuals of rules and rates, rating plans, rating schedules, minimum rates, class rates, and rating rules prior to use, does not issue any policies that are not in accord with the filing in effect.	RCW 48.19.040
3	The policy must identify all forms that make up the policy. The policy will identify all coverage limits	RCW 48.18.140(2)(f)

Rate and Form Filing Standard #2:

- 1406 commercial policies were issued with a 1% Tort Reform discount between 1/1/01 and 8/1/01, resulting in an undercharge to the insureds. This factor was removed from the Companies' rate filing effective 1/1/01, however it was not removed from the computer rating program until August 1, 2001. The list of policies is contained in the examiners work papers.
- 138 policies were not rated with the filed rates because incorrect Loss Control Multipliers were loaded into the policy rating system for 34 different ISO series classifications.
- Policies were issued with outdated rates. The Companies state that this is because the policies in question were quoted prior to implementation of revised rates, and were not re-quoted upon finalization of the transaction. This resulted in policyholders being undercharged. The Companies were unable to identify the number of policies affected. Appendix III contains six policies from the original sample.
- 173 policies were rated for minimum Stop Gap coverage using unfiled rates ranging between \$150 and \$300 during the exam period. The filed and approved rate was \$25. \$56,841 in overcharged premium was returned to policyholders. The list of policies is contained in the examiners' work papers. (Appendix III)
- One policy was incorrectly rated with the wrong territory and protection class. \$105 in overcharged premium was returned to the insured.
- The company was unable to verify that the rate used for the business personal property coverage on the policy was rated with the filed rate.

- One policy was issued with the wrong protection class. The result was undercharging the insured.
- One policy had a 20% debit. The risk did not qualify for schedule rating according to the filed rules. \$18 was returned to the insured.
- One policy was not eligible for the plan that was used.
- One policy was rated incorrectly because the company did not follow the filed rating rules, resulting in an undercharge to the insured.
- One multi-state policy with Washington exposures was rated with California rates, instead of Washington rates.
- One policy had multiple errors in the rating, including failure to follow the rate rules to obtain a loss control report, use of incorrect premium base for calculations, and failure to establish the base for rates used.

See Appendix III for detail.

Rate and Form Filing Standard #3:

The Companies' rules indicated that endorsement HO216 was to be added to every policy with an alarm credit. The Companies showed the percentage of alarm credit on the declarations page in the policy. The Companies did not list the endorsement on the policy and did not issue it to the policy holder.

- 32,979 personal lines policies did not receive the endorsement. The list of policies is contained in the examiner's work papers.

Subsequent event: The Companies have revised their procedures to include the endorsement on the policy and include it in the forms attached to new policies. In-force policies were sent an endorsement to add this to the policy beginning July 2002.

CANCELLATIONS AND NON-RENEWALS

The examiners selected 20 policies from a population of 344 commercial non-renewals, and 20 policies from a population of 747 commercial lines cancellations. The policies were either cancelled or non-renewed during the exam period. The files were reviewed to determine if the Companies were in compliance with state laws governing cancellations and non-renewals.

Findings

The following standard Passed without comment:

#	CANCELLATION & NON-RENEWAL STANDARDS	REFERENCE
2	The Companies send offers to renew or cancellation or non-renewal notices according to the requirements prior to policy termination.	RCW 48.18.290, RCW 48.18.2901, RCW 48.18.291, RCW 48.18.292

The following standards Failed:

#	CANCELLATION & NON-RENEWAL STANDARDS	REFERENCE
1	The Companies do not cancel or refuse to renew policies because the agent is no longer affiliated with the company.	RCW 48.17.591
3	The Companies include the actual reason for canceling, denying or refusing to renew an insurance policy when notifying the insured	WAC 284-30-570
#	GENERAL EXAM STANDARD	REFERENCE
2	The Companies do business in their own legal name.	RCW48.05.190(1), Bulletin 78-7

Cancellation & Non-Renewal Standard #1:

The examiners reviewed 34 personal lines policies that were identified as cancelled or non-renewed that were written by an agent whose appointment with a specific Travelers Group company ended during the examination period. The examiners found that for 10 of the 34 policies (31%) the insured was notified that the policy would not be renewed due to the termination of the agent/company relationship. See Appendix IV for detail. **This violation was also noted in the prior examination.**

Cancellation & Non-Renewal Standard #3: WAC 284-30-570 requires the insurer to give the true and correct reason for canceling, denying or refusing to renew an insurance policy. The reason must be in such detail that the insured is able to understand the reason without resorting to additional research.

Two violations were identified in the original sample. The reasons given did not give enough information to satisfy the requirements of the regulation. The reasons included the following:

- “unfavorable loss experience 04/19/99 \$30,333”
- “class of business/ineligibility”

The examiners requested additional non-renewal notices from the 17 policies associated with terminated agents. Thirteen (13) additional violations were identified. The reasons given were one of the following:

- unacceptable loss experience
- account being non renewed due to poor loss history
- poor loss history and account does not meet our underwriting standards
- the account no longer fits into the Master Pac Appetite
- poor loss experience.

For any of these reasons, the insured would be required to go back to the company for additional detail in order to understand the reason for non-renewal. See Appendix IV for detail. **This violation was noted in the prior examination.**

Subsequent event: The Companies distributed procedures to the field offices regarding acceptable reasons for non-renewals and cancellations on July 1, 2001. They advise, as a result of this examination, that they will reinforce the requirements on an individual office basis.

General Examination Standard #2: The examiners found that the Companies were using a form that identified Travelers Indemnity Company as the Insurer on all non-renewals. 19 of the 20 policies (95%) that were non-renewed were not insured with Travelers Indemnity Company. The Companies were asked to provide a list of all policies that were non-renewed that would have received this notice during the examination period.

- The Companies were not able to produce this data but estimate that approximately 900 Masterpak policies received the notice. Based on the data provided to the examiners at the beginning of the examination, this appears to be accurate. Appendix II contains the list of policies from the initial sample in violation of RCW 48.05.190(1). Samples of the forms are contained in the examiners work papers.
- The Companies were also using the following forms that did not identify the insuring company: Notice of cancellation, Notice of reinstatement, and Notice of policy not taken. Samples of these notices are included in the examiners work papers. The Companies were not able to identify how many of these notices were used. Appendix II contains the list of policies with violations from the original sample.

This violation was noted in the prior examination.

Subsequent event: The Companies provided test printing samples showing the revision of the forms to incorporate the legal name of the insuring company.

CLAIM SETTLEMENT PRACTICES

The examiners selected 425 claim files for review from a population of 19,130 commercial and personal lines claims closed during the examination period, and 25 total loss auto claims from a population of 110.

Files were reviewed for:

- Compliance with Washington law
- Timeliness of contact with claimants
- Promptness of payments
- Explanation of coverage applicable
- Procedures for establishing actual cash value of total loss vehicles
- Documentation of claim files

Claims are handled in the regional claims offices in Seattle, WA; Walnut Creek, CA; and Sacramento, CA.

The following errors were identified and returned to the company for correction or follow-up:

- In one (1) instance, the insured was charged a \$100 UIM deductible. The correct deductible should have been \$300. Claim # BOM6976.
- In two (2) instances, the company was unable to locate all parts of the file, however the log notes were provided for review. Claim #S3A2512 and #S3A9373.

Findings

The following standard Passed without comment:

#	CLAIM STANDARD	REFERENCE
8	The Companies comply with the regulation regarding notification of PIP benefits, limitations, termination, or denial of benefits.	WAC 284-30-395

The following standards Passed with comment:

#	CLAIM STANDARD	REFERENCE
1	The Companies settle claims in a manner that is not in conflict with any section of the Unfair Claims Settlement Act.	WAC 284-30-330
2	The Companies claim files contain detailed log notes and work papers so as to allow the examiners to reconstruct the claim file.	WAC 284-30-340
3	The Companies provided explanation of all pertinent coverage to first party claimants.	WAC 284-30-350
4	The Companies acknowledge receipt of a claim within 10 days, and respond to all communications on a claim file within the time frames prescribed.	WAC 284-30-360(1) and (3)
5	The Companies comply with requirement for prompt investigation of claims.	WAC 284-30-370
6	The Companies must accept or deny coverage within 15 days after receiving proof of claim	WAC 284-30-380
9	The Companies surrender titles for total loss vehicles to the Department of Licensing or provide other authorized documentation as required.	RCW 46.12.070, WAC 308-56A-460

Claims Standard # 1: Fourteen (14) files (3%) contained violations of the various subsections of WAC 284-30-330 including: misrepresentation of facts, delay in response to communications, unexplained delays in investigations, failure to make and relay decisions on coverage timely, and failure to note under which coverage a claim payment was made. As

there was no trend in any specific area of the unfair claims practices, the examiners concluded that these were the result of training issues and human error. This would include such things as failing to document claim handling activity that has been completed by the adjuster, or failure to identify under which coverage a payment is made.

The process for the payment of arbitration awards or negotiated settlements on subrogation files is not adequate to ensure timely payments.

- One file (less than 1%) contained a significant delay in the payment of an arbitration award. The delay was caused because payments must be paid from the offices where claims were investigated, not in the subrogation office where claims are frequently settled. Files must be shipped back to the investigating office, and assigned again to an adjuster. As they appear to be closed files, they often will be stored without payment until there is follow-up from another insurance company. The subrogation department does not have the ability to issue payment. File notes indicate that this is a common problem.

Claims Standard # 2: Seventeen (17) files (4%) did not contain enough information to satisfy the requirements of the regulation. The examiners found that the files failed to document why there were time lags in the investigation or delays of payments. They also found that the files contained information to suggest a plan of action, but no documentation that claim handler carried through with the plan. Some files did not contain dates or number of attempted telephone contacts.

Claims Standard #3: Four (4) files (less than 1%) did not contain evidence that the insured had been advised of coverage limitations, or provided a satisfactory explanation of how to make a claim under a specific coverage that was available to the insured.

Claims Standard #4: Two files (less than 1%) contained evidence that the Companies never responded to notification of a claim or that the correspondence was not within the required time frame.

Claims Standard #5: Nine (9) files (less than 2%) did not contain documentation to explain the delay in the claims investigation.

Claims Standard #6: One (1) file (less than 1%) did not contain correspondence to the insured that the coverage had been denied.

Claims Standard #9: Two (2) files (less than 1%) did not contain documentation that titles on total loss vehicles had been submitted to the Department of Licensing.

Additional details appear in Appendix V.

The following standards Failed:

#	CLAIMS STANDARD	REFERENCE
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#	CLAIMS STANDARD	REFERENCE
7	The Companies settle automobile claims in accordance with standard established for prompt, fair and equitable claim settlements.	WAC 284-30-390
#	GENERAL EXAM STANDARD	REFERENCE
1	The Companies made available to the examiners all requested information in a timely manner.	RCW48.03.030(1), WAC 284-30-360(2), WAC 284-30-650
2	The Companies do business in their own legal name.	RCW48.05.190(1), Bulletin 78-7

Claims Standard #7: Three (3) of the 25 total loss files examined (12%) contained evidence of violations.

- Two (2) of the files did not contain documentation to support deviations for establishing the total loss value.
- One (1) file did not contain documentation of payment of the auto license fee as required. This fee was returned to the insured, resulting in an additional \$110 payment.

General Exam Standard #1: Twenty six (26) files contained delays in response to the examiners. See Appendix VI for details.

General Exam Standard #2: Violations of RCW 48.05.190(1) continue in the claims department. When working with claims, the Companies continue to use generic company names rather than the actual insuring company name. **This was a finding in the prior examination.** The examiners addressed this issue with the Companies during the examination in early 1998.

When asked about this issue, the company's response was "Since the company learned in 1999 how the Insurance Commissioner's Office interprets RCW 48.05.190, the company has been working with reasonable diligence to implement procedures that comport with the Commissioner's Office's interpretation of the statute." This response was reviewed and approved by the Companies' attorney.

Specific findings by the examiners were:

- All claim checks were printed with the name Travelers Indemnity Company instead of identifying the actual insurer.
- Eight (8) files contained letters or faxes that did not identify the actual insurer.

Additional detail is contained in Appendix I.

Subsequent event: The Companies have started to implement support changes on forms, notices and claim checks.

SUMMARY OF STANDARDS

General Examination Standards:

#	STANDARD	PAGE	PASS	FAIL
1	The Companies made available to the examiners all requested information, and otherwise facilitated the examination in a timely manner. (RCW 48.03.030(1), (WAC 284-30-360(2) & (WAC 284-30-650)	8 & 20		X
2	The Companies conduct their business in their own legal name. (RCW 48.05.190(1), Bulletin 78-7).	8,13, 16,& 20		X
3	The Companies maintain full and accurate records of the policy records. (RCW 48.05.280)	8 & 12	X	

Company Operations and Management:

#	STANDARD	PAGE	PASS	FAIL
1	The Companies are required to be registered with the Office of the Insurance Commissioner prior to acting as an insurance company in the State of Washington. (RCW 48.05.030(1))	7	X	
2	The Companies are required to file with the OIC any changes to Articles of Incorporation, or amendments for domestic Companies. (RCW 48.07.070)	7	X	

Advertising:

#	STANDARD	PAGE	PASS	FAIL
1	The Companies' advertising materials do not contain any false, deceptive or misleading representations. (RCW 48.30.040)	9	X	
2	The Companies do not use quotations or evaluations from rating services, advisory services or other sources in a manner that appears to be deceptive to the public. (WAC 284-30-660)	9	X	
3	The Companies must use their full name and include the location of their home office or principle office in all advertisements. (RCW 48.30.050)	9	X	
4	The Companies are required to show the actual financial condition of the Company as corresponds with the financial statements published by the Company and must include only those assets actually owned and possessed by the Company exclusively. (RCW 48.30.070)	10	X	
5	The Companies do not advertise the existence of the Washington Insurance Guaranty Association. (RCW 48.30.075)	10	X	
6	The Companies do not include any statements in their advertising material that would appear to defame the name of other insurers. (RCW 48.30.080)	10	X	

#	STANDARD	PAGE	PASS	FAIL
7	The Companies do not misrepresent the terms of their policies in any form during the advertising and solicitation of their products. (RCW 48.30.090)	10	X	
8	The Companies do not offer, promise, allow, give, set off, or pay to the insured or to any employee of the insured any rebate, discount, abatement or reduction of premium or any part of these as an inducement to purchase or renew insurance unless specifically exempted from this statute. (RCW 48.30.140, RCW 48.30.150)	10	X	

Agent Activity

#	STANDARD	PAGE	PASS	FAIL
1	The Company ensures that agents are licensed for the appropriate line of business with the State of Washington prior to allowing them to solicit business or represent the Company in any way. (RCW 48.17.060(1) and (2))	10		X
2	The Company requires that agents are appointed to represent the Company prior to allowing them to solicit business on behalf of the Company. (RCW 48.17.010 and RCW 48.17.160)	10		X

Underwriting and Rating:

#	STANDARD	PAGE	PASS	FAIL
1	Binders issued by the Companies to temporarily secure coverage during underwriting are valid until the policy is issued or ninety days, whichever is shorter. (RCW 48.18.230(1))	12	X	
2	The Companies require an insured to reject, in writing, underinsured motorist coverage. (RCW 48.22.030(4))	11	X	
3	During underwriting, the Companies obtain and use only the personal driving record for personal insurance and only the employment driving record for commercial insurance. (RCW 48.30.310, RCW 46.52.130, Bulletin 79-3)	11	X	
4	The Companies apply schedule rating plans to all policies as applicable. (WAC 284-24-100)	13		X
5	The Companies retain all documentation related to the development and use of (a) rates. (WAC 284-24-070)	12	X	

Rate and Form Filings, Policy Provisions:

#	STANDARD	PAGE	PASS	FAIL
1	Policy forms and applications, where required, have been filed	14	X	

#	STANDARD	PAGE	PASS	FAIL
	with and approved by the OIC prior to use. (RCW 48.18.100)			
2	Where required, the Companies have filed with the OIC classification manuals, manuals of rules and rates, rating plans, rating schedules, minimum rates, class rates, and rating rules prior to use, does not issue any policies that are not in accord with the filing in effect. (RCW 48.19.040)	14		X
3	The declarations page of a policy will identify all forms that make up the policy. The policy will identify all coverage limits. (RCW 48.18.140)	14		X
4	PIP forms must contain all coverage limits and categories of benefits as required by statute. (RCW 48.18.190)	14	X	
5	Policy forms for commercial policies are filed within 30 days of use. (RCW 48.18.103(2))	14	X	
6	Personal Injury Protection forms issued by the Companies contain coverage definitions and limits that conform to Washington law. (RCW 48.22.095)	14	X	

Cancellations and Non-Renewals:

#	STANDARD	PAGE	PASS	FAIL
1	The Companies do not cancel or refuse to renew policies because the agent is no longer affiliated with the company. (RCW 48.17.591)	16		X
2	The Companies send offers to renew or cancellation or non-renewal notices within the prescribed time frames. (RCW 48.18.290, RCW 48.18.2901, RCW 48.18.291, RCW 48.18.292)	16	X	
3	The Companies include the actual reason for canceling, denying or refusing to renew an insurance policy when notifying the insured. (WAC 284-30-570)	16		X

Claims:

#	STANDARD	PAGE	PASS	FAIL
1	The Companies settle claims in a manner which is not in conflict with any section of the Unfair Claims Settlement Practices set forth in Washington regulations. (WAC 284-30-330)	18	X	
2	The Companies' claim files contain detailed log notes and work papers that allow reconstruction of the claim file. (WAC 284-30-340)	18	X	
3	The Companies' claim files shall contain documentation that the all pertinent benefits and coverage were disclosed to first party claimants. (WAC 284-30-350)	18	X	

4	The Companies acknowledge all communications on a claim within the time frames prescribed in Washington administrative code. (WAC 284-30-360)	19	X	
5	The Companies comply with requirements for prompt investigation of claims (WAC 284-30-370)	19	X	
6	The Companies settle or deny any first party claim after receipt of documentation of the claim within 15 days. (WAC 284-30-380)	19	X	
7	The Companies settle auto claims in a prompt, fair, and equitable manner. (WAC 284-30-390)	20		X
8	The Companies comply with regulations concerning notification of personal injury protection (PIP) coverage and under what conditions benefits may be terminated, limited, or denied. (WAC 284-30-395)	18	X	
9	The Companies surrender titles for total loss vehicles to the Department of Licensing or provide other authorized documentation as required. (RCW 46.12.070), (WAC 308-56A-460)	19	X	

INSTRUCTIONS AND RECOMMENDATIONS

1. The Companies are instructed to comply with RCW 48.03.030, WAC 284-30-360(2), and WAC 284-30-650 and establish procedures that ensure complete, accurate, and timely responses to facilitate Market Conduct Examinations. (Pages 8 & 20)
2. The Companies are instructed to ensure compliance with RCW 48.05.190(1) including policy documents, claim documents and claim checks correctly identify the legal name of the insuring company. (Pages 9, 13, 16 & 20)
3. The Companies are instructed to ensure that every commercial policy eligible for schedule rating is considered, and that documentation supports compliance with WAC 284-24-100. (Page 13)
4. The Companies are instructed to comply with RCW 48.19.040(6) regarding filings, rating plans and application of approved rates. (Page 14)
5. The Companies are instructed to comply with RCW 48.18.140(2) (f) regarding the policy containing all forms that apply to the policy, and ensure that the insured receives a copy of all forms that apply to the policy. (Page 14)
6. The Companies are instructed to comply with RCW 48.17.060(1), RCW 48.17.160 and RCW 48.17.010 to ensure that all agents are licensed and appointed by the Companies in Washington prior to soliciting business in Washington. (Page 10)
7. The Companies are instructed to comply with RCW 48.17.591 to ensure no policies are cancelled or non-renewed because the agent/company relationship was terminated. (Page 16)
8. The Companies are instructed to ensure that reasons for cancellation or non-renewal are contained in the notices and that they are in such detail that insureds need not resort to additional research to understand the company's actions as required in WAC 284-30-570. (Page 16)
9. The Companies are instructed to comply with WAC 284-30-390 and ensure total loss evaluations are completed according to the code requirements to ensure fair and equitable settlements. (Page 20)

RECOMMENDATIONS

1. The Companies should review the paper handling and payment process for claims sent to their subrogation units to handle.
2. The Companies should amend their agreement with GEICO to include records retention, and establish an independent audit process to verify accuracy of data capture by GEICO.

APPENDIX I

RCW 48.05.190(1) GE #2	Requires insurers to conduct their business in their own legal name.
Policy numbers	Underwriting/Cancellation or non-renewals
900 policies (estimated)	Notice of Non-Renewal identified the insurer as Travelers Indemnity for all Companies correspondence. The Companies estimated the number at 900, but could not verify the number.
Multiple policies	Notice of Cancellation forms identified the insurer as Travelers Indemnity for all Companies' correspondence. The Companies could not establish the number of forms used.
Multiple policies	Notice of Re-instatement forms identified the insurer as Travelers Indemnity for all Companies' correspondence. The Companies could not establish the number of forms used.
Multiple policies	Notice of Policy Not Taken forms identified the insurer as Travelers Indemnity for All Companies' correspondence. The Companies could not establish the number of forms used.
680-789H502-TCT-01	A cancellation notice listed an incorrect insuring company name.
I 680-257L480-1-PHX-99	A cancellation notice listed an incorrect insuring company name.
I 680-601D303-7-COF-01	A cancellation notice listed an incorrect insuring company name.
I 680-944H6015-TIA-01	A cancellation notice listed an incorrect insuring company name.
I 680-464R8057-02	A mortgagee clause issued to the mortgagee showed an incorrect insuring company name.
I-660-465N9703-TIL-01	A reinstatement notice listed an incorrect insuring company name.
I 680 752D5028-TCT-01	A cancellation notice listed an incorrect insuring company name.
I 680 462L897-A-COF-01	A cancellation notice listed an incorrect insuring company name.
I-660-261P5386-TIL-01	A reinstatement notice listed an incorrect insuring company name.
900 policies	Non-renewals identified Travelers Indemnity on all non-renewals.
261P5386-TIL-01	Reinstatement notice does not identify true insurer.
I-660-262X4599-PHX-01	25 restatement notices and 2 cancellation notices did not identify the true name of the insuring company.
X-660-359X6773-TCT-01	Reinstatement notice does not identify true insurer.
I-660-643X8230-PHX-01	1 Reinstatement notice and 1 cancellation notice did not identify true insurer.
I-660-775X951A-TIL-01	Reinstatement notice does not identify true insurer.
I-660-361C3670-TCT-01	2 Reinstatement notices and 2 cancellation notices did not identify true insurer.
Claim Numbers	Claims
S3A4777	Letters or faxes did not identify the insurer.
AYK 8822	Check issued does not identify the correct insurer.
S3A9373	Letters or faxes did not identify the insurer.
B5V4149	Letters or faxes did not identify the insurer.
B0M8166	Letters or faxes did not identify the insurer.
LTK1494	Check does not identify the insurer.
AYK7558	Letters or faxes did not identify the insurer.
LTK1203	Letters or faxes did not identify the insurer.
S3A9932	Authorization for Medical Information does not identify the correct insurer.
LKZ5050	Check issued does not identify the correct insurer.
BUF5324	Check issued does not identify the correct insurer.
K9L0025	Check issued does not identify the correct insurer.
AYK7128	Letters or faxes did not identify the insurer.

APPENDIX II

UNDERWRITING AND RATING	
WAC 284-24-070	This law defines the requirements for using (a) rates when rating a commercial risk. (a) rates are not filed & approved in the usual manner. (a) rates are used for types of risks where there are no established rates due to the fact the risk is so different from other risks that no rate or range of rates could be representative of all.
I-660-465N9703-TIL-01	The Companies were unable to provide the documentation showing how the rates were established to satisfy the requirements of the law.
WAC 284-24-100 U&R #4	This law requires insurers to consider applying credits or debits to all of their eligible risks and to document any amount of credit or debit applied or the reasons why none was applied.
I 680 669H718-5-TCT	The company has been applying debits to this risk that exceeded the 25% allowed in Washington. This involved 4 policy terms. \$1,088 in overcharged premium was returned to the insured.
I 680 -601D87215-TCT-01	The company failed to document the underwriter's analysis.
I-680-853P952-0-IND-01	The company failed to document the underwriter's analysis.
I-680-447H5833-IND-01	The company failed to document the underwriter's analysis.
680-1-156K097-A-PHX-01	The company failed to document the underwriter's analysis.
I-660-469X612A-TIL-01	The company failed to document the underwriter's analysis.
x-660-457x8126-tct-01	The company failed to document the underwriter's analysis.
i-660-361c3670-tct-01	The company failed to document the underwriter's analysis.

APPENDIX III

RATE and FORM FILING	
RCW 48.19.040 (6) R&F #2	Where a filing is required, no insurer shall make or issue an insurance contract or policy except in accordance with its filings then in effect, except as is provided by RCW 48.19.090
File Number	Comments
173 policies	173 policies were rated with un-filed rates. The filed rate was \$25. Overcharged premium (\$56,841.00) was returned to policyholders.
1406 policies	1406 commercial policies were rated with a 1% tort reform discount between 1/1/01 and 8/1/01. The discount was dropped from the Companies filing effective 1/1/01.
138 policies	138 policies were not rated according to the filed rates because incorrect Loss Control Modifiers were loaded into the policy rating system.
I 680 752D5028-TCT-01	The policy was incorrectly rated using a wrong territory and protection class. \$105 in overcharged premium was returned to the insured.
I 680 462L897-A-COF-01	The examiner was not able to verify the rate that was used to charge for the business personal property as the filed rate.
I 680 464R850-7	The policy was issued with outdated rates.
I 680 489P598-9-COF-01	The policy was incorrectly rated using a wrong protection class. The result was under charging the insured. This has been set up to correct on the next renewal.
I 680 468P186-A-COF-01	The policy was issued with outdated rates.
I 680 465L314-2-COF-01	The policy was issued with outdated rates.
I 680 290N808-3COF-01	The policy was issued with outdated rates.
I 680 669H562-8-IND-01	The policy was issued with outdated rates.
I 680 955D588-8-IND-01	The policy was issued with outdated rates.
I 680 982H902-6-COF-01	This risk had been quoted in November and not sold until March. In the mean time a rate change had taken place and the underwriter failed to update the quote using the new rates.
I-660-361C3670-TCT-01	Company applied a higher company deviation than their filed plan. \$ XXX returned to the insured.
X-660-359X6773-TCT-01	A 20% schedule debit was applied to this risk. According to the company's rules this risk did not qualify for the application of this rating plan. The company was instructed to return all overcharged premium. \$18 was returned to the insured.
DTE-CO-505D393A-til-01	The policy was incorrectly rated in accordance with the company's ISO/OMNI II General Liability Rule 34. The policy was not eligible for the plan that was used.
I-660-643X8230-PHX-01	The premium for Fire Damage in the General Liability policy was incorrectly calculated. The company did not follow their rating rules.
Y-630-252D4702-TIL-01	The policy was incorrectly rated. It is a multi state risk. The Washington crime & general liability coverage were rated using California rates. It was noted that one mandatory form was left off the policy. All corrections will be made at renewal.
Y-660-505D6931-TIL-01	There are 4 specific issues to the rating violation of this policy. The Companies have a commercial property plan they call The Deluxe. The company did not follow their filed & approved plan to underwrite this policy in "The Deluxe" plan. 1. A rule in the plan states the company must have a loss control report before applying the plan to a risk. The company could not provide this to the examiners. 2. The company is required to use the information on the loss control report to determine the rates to be used on a given risk. 3. An incorrect

	inland marine premium was calculated and the insured was undercharged approximately \$2500 for this coverage. 4. The Off Premises Rate & Rules were incorrectly calculated & the insured was overcharged approximately \$415 for this coverage.
RCW 48.18.140(2)(f)	Policies shall contain all documents that pertain to coverage under the policy.
32,979 homeowner policies	The Companies identified the amount of a discount for an alarm credit on policies, but did not identify the coverage endorsement number, and did not provide a copy of the endorsement to the insured.

APPENDIX IV

NON-RENEWALS AND CANCELLATIONS	
RCW 48.17.591 C&NR #1	Companies are not permitted to cancel or non-renew because the agent-company relationship is terminated
943333223 101	Non-renewal based on termination of agent-company relationship
93050635 6331	Non-renewal based on termination of agent-company relationship
930506537 6331	Non-renewal based on termination of agent-company relationship
930506538 6331	Non-renewal based on termination of agent-company relationship
93050639 6331	Non-renewal based on termination of agent-company relationship
950678999 6331	Non-renewal based on termination of agent-company relationship
958867226 6331	Non-renewal based on termination of agent-company relationship
959722678 6331	Non-renewal based on termination of agent-company relationship
966922390 6331	Non-renewal based on termination of agent-company relationship
969560034 6331	Non-renewal based on termination of agent-company relationship
WAC 284-30-570 C&NR #3	Cancellations and non-renewals must contain true reason for company's action in clear and simple language so the insured does not need to resort to additional research to understand the decision
464L5271	Reason for non-renewal "Due to unfavorable loss experience"
426X1829	Reason for non-renewal " Unacceptable loss experience"
P630-506D5466-TIL-01	Reason for non-renewal, " Class of Business/In Eligibility"
I-680-464L5271-COF-01	Reason for non-renewal, " does not meet the company underwriting standards"
I-660-426X1829-TIL-99	Reason for non-renewal, "Unacceptable loss experience"
680-468N3659-IND-99	Reason for non-renewal, "Unacceptable loss experience"
I-680-464R7768-IND-00	Reason for non-renewal, "Account is being non renewed due to poor loss history"
I-680-884H3441-TIA-01	Reason for non-renewal, "Poor loss history. Account does not meet our underwriting standards"
680-503Y2564-COF-99	Reason for non-renewal, "Unacceptable loss experience"
I-680-460N1763-COF-00	Reason for non-renewal, "Unacceptable loss experience"
680-349C1974-COF-00	Reason for non-renewal, "This account no longer fits into the Master Pac appetite"
680-792C7765-COF-00	Reason for non-renewal, "This account no longer fits into the Master Pac appetite"
680-431Y04540IND-99	Reason for non-renewal, "Unacceptable loss experience"
680-422Y3291-IND-99	Reason for non-renewal, "Unacceptable loss experience"
I-660-472N8160-COF-99	Reason for non-renewal, "Unacceptable loss experience"
I-680-982D6423-TIA-00	Reason for non-renewal, "Poor loss history"
I-680-272H3862-TIA-00	Reason for non-renewal, "Poor loss experience".
RCW 48.17.060 (1)	Requires agents selling policies in the state to be licensed in Washington.
I-680-752D5028-TCT-01	Agent had allowed his Non-Resident license to lapse. The Companies were not aware of this until the Market Conduct Examination.
I 680 669H7185-TCT	Agent did not have a Non-Resident license & the Companies had not appointed the agent but allowed the agent to write this piece of business in Washington.

APPENDIX V

Claim Number	Comments
WAC 284-30-330(1) Clm #1	Companies must not misrepresent pertinent facts or insurance policy provisions.
LRS7915	Letter to insured does not accurately reflect the facts.
S3A5409	Letter to insured misrepresents information in the file.
WAC 284-30-330(2) Clm #1	Companies must act reasonably promptly upon claims communications
LNT5362	Company received bill for towing 7-11-01, coverage researched 9-5-01
WAC 284-30-330(3) Clm #1	Companies must adopt and implement reasonable standards for the prompt investigation of claims
	Companies have no set standards or time frames for prompt investigation. Nothing was done between 4-16-01 and 7-12-01. The company has no established claim handler or supervisory mandatory diary system.
LRS7915	
B5V2785	Investigation was not completed according to company standards.
LNT5362	Investigation took from 7-11-01 to 9-5-01 to complete.
B5V2327	No file activity to complete the investigation between 1-4-01 and 4-26-01
	Delays in completing the initial investigation without any documented reasons, and significant gaps in obtaining information needed to settle the claim.
S5Z4387	
WAC 284-30-330(4) Clm #1	Companies must not refuse to pay claims without conducting a reasonable investigation
B5V3534	Company represented in writing that they had investigated a claim before denial. They did not.
LRS7915	Company failed to follow through with the claims investigation then denied the claim for lack of activity on the part of the insured.
WAC 284-30-330(5) Clm #1	Companies must either affirm or deny coverage within a reasonable time after proof of claim is presented.
BKS8712	The file contains no documentation to support that coverage was denied within a reasonable time frame.
WAC 284-30-330(9) Clm #1	Payments to insureds or beneficiaries must be accompanied by a statement identifying under which coverage the payment is being made.
BUF2853	Payment to insured does not identify what coverage it is paid under.
BUF5324	Payment to insured does not identify what coverage it is paid under.
WAC 284-30-330 (16) Clm #1	Companies must adopt & implement reasonable standards for the processing & payment of claims
	The companies failed to adopt & implement reasonable standards for payment of arbitration awards in a timely manner. Adjuster's notes indicate this is common occurrence after arbitration awards.
S9H9623	
WAC 284-30-340 Clm #2	Claim files must be well documented so that dates pertinent events of the claim can be reconstructed
BFU 1871	The claim handler did not document attempts to contact the insured

	by telephone, either by date or number of attempts
LRS 5939	The claim representative advised the insured that an engineer was to be hired to assess the various perils of the claim. No engineer ever was hired & no reason was ever given to the insured.
AXS 4566	The claim handler noted that the estimate to repair the insured's vehicle was received and the damage was under the deductible. She noted she would call the insured and then close the file. There are no notes to support the insured was called and told the loss was under the deductible
161 AD BOM 9991H	There are no log notes or other documentation to indicate the claims representative was actively investigating the claim.
AYK 8822	There was a two month gap in the investigation. The company stated they were unable to locate any additional documentation that would further explain the inactivity in this file.
LKZ 3738	Adjuster spoke with third party carrier on 11-14-01. There is no clear indication of when the subrogation demand was received. Subrogation was paid 12-12-01.
161 AD BOM 6351E	There was no documentation in file to explain why the investigation could not be completed in a timely fashion.
BOM 3219	There are no log notes or other documentation to indicate what the claims representative was doing to complete the investigation and settle the loss.
S5Z4387	There are no log notes or other documentation to indicate what the claims representative was doing to complete the investigation and settle the loss.
LRS7915	There are no log notes or other documentation to indicate what the claims representative was doing to complete the investigation and settle the loss.
AYK7128	Log notes do not document activities alleged by the claim handler
AYK7985	Log notes do not document coverage discussions or explanation of how to file a claim for replacement cost coverage.
B5V2785	Log notes do not document contact with the insured or adverse party.
B4Q7222	Log notes by independent adjuster do not document dates of claimed activities between Dec. 11 and Jan 25.
BKS8712	Log notes do not contain documentation of contact with the insured.
161AD BOM9991H	Log notes do not document alleged activity by the claim handler between 7/17 and 8/30
LMP3730	Log notes do not document the processing of paperwork for the sale of the salvage.
WAC 284-30-350 (1) Clm #3	No insurer shall fail to fully disclose to first party claimants all pertinent benefits, coverages or other provisions of the insurance policy
S3A9301	The insured was not informed of the time frame in which the insured must make claim for replacement cost benefits
AYK 8822	Adjusters' log notes of 8-15-01 state that there was \$1,000 coverage for extra expense. The insured had tried to make a claim for extra expenses to help pay for his cost of additional payroll to mitigate the damages. This was neither paid nor denied. There also was no indication of claim forms or instructions given to the insured.
AYK7985	Adjuster notes do not indicate that the insured was advised of business interruption or loss of rents.
S3A5409	Letter to insured does not disclose time frames for making a claim for replacement cost.

WAC284-30-360(1) CIm #4	Requires the insurer to acknowledge receipt of a claim within 10 business days.
LNT5362	Claim received 7-11-01, no acknowledgement until 9-5-01
WAC 284-30-360 (3) CIm #4	Insurer must acknowledge and/or make an appropriate reply within 10 working days on all communications which reasonably suggest that a response is expected
LTK 0803	Claim handler failed to acknowledge all communications regarding subrogation
WAC 284-30-370 CIm #5	Standards for prompt investigation of claims
BOM 4167 F AD	Adjuster requested estimate from claimant on 3-29-01 and then did nothing until the estimate was received 5-7-01. There were no additional calls or other communication in a attempt to get the estimate in a timely matter & complete investigation within the required 30 days
161 AD BOM 635IE	Investigation took from 4-5-01 to 6-6-01 to complete with no indication in the file to explain why it took more than the required 30 days
161 AD BOM 9991H	The investigation took more than the required 30 days. There was nothing in the log notes to indicate that the claim handler was trying to obtain the estimate needed to settle the claim.
S5Z4387	Claim handler inactivity caused delay in investigation 3/23/01 - 8/3/01
LRS7915	Claim handler inactivity caused delay in investigation 4/16-7/12
LNT5362	Delay in investigation 7/11 - 9/5
B4Q7222	Delay in investigation 8/16-2/21 by claim handler, 12/11-1/25 by independent adjuster
AYK6125	Delay in investigation 2/6 - 3/9
BOM9991	Delay in investigation 7/17-8/30 no documented file activity.
WAC 284-30-380 CIm #6	Insureds must be advised of the acceptance or denial of coverage within 15 working days of proof of claim.
AYK8822	No documentation that the company ever denied the coverage to the insured.
WAC284-30-390 (1)(2)&(3) CIm #7	Standards for prompt, fair & equitable settlements applicable to automobile insurance
BOM 6976	The adjuster neglected to pay the insured the auto license fee on a total loss settlement as required. An additional \$110 was paid to the insured.
C5S 1285	The adjuster deviated from the prescribed methods of determining the valuation of the insured's vehicle. Any deviation must be documented as required by law. The company was not able to provide the supporting documentation.
LTK 1089	The adjuster deviated from the prescribed methods of determining the valuation of the insured's vehicle. Any deviation must be documented as required by law. The company was not able to provide the supporting documentation.
S3A4777	Vehicles used in total loss evaluation were not comparable to insureds vehicle, and the deduction for mileage was not supported with documentation.
RCW 46.12.070 CIm #9	Titles of total loss vehicles shall be surrendered to the Dept of Licensing

LNT5209	Title sent to salvage vendor instead of the Department of Licensing
LMP3730	Title sent to salvage vendor instead of the Department of Licensing

APPENDIX VI

Claim Number or Statute	Reason(s)
RCW 48.03.030(1), WAC 284-30-360 (2), WAC 284-30-650 GE #1, CLMS #4	The companies' are required to respond to inquiries from The Office of the Insurance Commissioner, (OIC) respecting a claim within 15 working days.
BKS 8712	The company failed to respond to an inquiry from OIC within 15 working days, response was received 26 working days from inquiry.
AYK 9932	The company failed to respond to an inquiry from OIC within 15 working days, response was received 24 working days from inquiry.
AYK 7385	The company failed to respond to an inquiry from OIC within 15 working days, response was received 35 working days from inquiry.
BUF 2853	The company failed to respond to an inquiry from OIC within 15 working days, response was received 20 working days from inquiry.
AYK 6125	The company failed to respond to an inquiry from OIC within 15 working days, response was received 16 working days from inquiry.
LTK 1494	The company failed to respond to an inquiry from OIC within 15 working days, response was received 31 working days from inquiry.
S3A 6696	The company failed to respond to an inquiry from OIC within 15 working days, response was received 32 working days from inquiry.
AYK 7558	The company failed to respond to an inquiry from OIC within 15 working days, response was received 18 working days from inquiry.
AYK 7985	The company failed to respond to an inquiry from OIC within 15 working days, response was received 16 working days from inquiry.
BOM 3111	The company failed to respond to an inquiry from OIC within 15 working days, response was received 18 working days from inquiry.
BUF 0504	The company failed to respond to an inquiry from OIC within 15 working days, response was received 20 working days from inquiry.
S3A 4777	The company failed to respond to an inquiry from OIC within 15 working days, response was received 18 working days from inquiry.
B5V 1693	The company failed to respond to an inquiry from OIC within 15 working days, response was received 22 working days from inquiry.
S918620	The company failed to respond to an inquiry from OIC within 15 working days, response was received 43 working days from inquiry.
161 AD BOM 6351E	The company failed to respond to an inquiry from OIC within 15 working days, response was received 35 working days from inquiry.
CSU 2795	The company failed to respond to an inquiry from OIC within 15 working days, response was received 31 working days from inquiry.
C5S 1285	The company failed to respond to an inquiry from OIC within 15 working days, response was received 19 working days from inquiry.
LNT 5209	The company failed to respond to an inquiry from OIC within 15 working days, response was received 37 working days from inquiry.
LRS 7915	The company failed to respond to an inquiry from OIC within 15 working days, response was received 17 working days from inquiry.
K9L 0025	The company failed to respond to an inquiry from OIC within 15 working days, response was received 34 working days from inquiry.
S5Z 4387	The company failed to respond to an inquiry from OIC within 15 working days, response was received 18 working days from inquiry.
B4Q 7222	The company failed to respond to an inquiry from OIC within 15 working days, response was received 20 working days from inquiry.
B5V 4149	The company failed to respond to an inquiry from OIC within 15 working days, response was received 27 working days from inquiry.
LTK 1203	The company failed to respond to an inquiry from OIC within 15

	working days, response was received 23 working days from inquiry.
C5U 2795	The company failed to respond to an inquiry from OIC within 15 working days, response was received 31 working days from inquiry.
B5V 3534	The company failed to respond to an inquiry from OIC within 15 working days, response was received 23 working days from inquiry.
K9L 0025	The company failed to respond to an inquiry from the OIC within 15 days, response was received working days from inquiry.
BOM 3111	The company failed to respond to an inquiry from the OIC within 15 days, response was received working days from inquiry.